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Subject: Mercantile Law

Year: 2025

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CSS Mercantile Law Past Paper 2025



**FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION-2025 FOR RECRUITMENT
TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT
MERCANTILE LAW**

Roll Number

TIME ALLOWED: THREE HOURS	(PART-I MCQs) MAXIMUM MARKS: 20
PART-I (MCQs) : MAXIMUM 30 MINUTES	(PART-II) MAXIMUM MARKS: 80
NOTE: (i) First attempt PART-I (MCQs) on separate OMR Answer Sheet which shall be taken back after 30 minutes. (ii) Overwriting/cutting of the options/answers will not be given credit. (iii) There is no negative marking. All MCQs must be attempted.	

PART-I (MCQs)(COMPULSORY)

- Q.1. (i) Select the best option/answer and fill in the appropriate Box ☐ on the OMR Answer Sheet.(20x1=20)**
(ii) Answers given anywhere else, other than OMR Answer Sheet, will not be considered.
- According to the Consumer Protection Act, 2006, a consumer court has the authority to:**
 (A) Award monetary compensation to the complainant. (B) Order imprisonment of business owners found guilty.
 (C) Direct the government to regulate product prices.
 (D) Provide tax exemptions to businesses that comply with the law.
 - Under the Contract Act, 1872, a contract entered into by a minor is:**
 (A) Voidable (B) Valid (C) Void (D) Enforceable at the discretion of the minor
 - Which of the following is a primary function of the Provincial Consumer Protection Councils under the Consumer Protection Act, 2006?**
 (A) To regulate market prices across provinces. (B) To promote consumer rights and welfare at the provincial level.
 (C) To punish business entities involved in unfair trade practices.
 (D) To ensure that all businesses in the province are registered.
 - Under the Arbitration Act, 1940, an arbitral award can be set aside by the court only if:**
 (A) It is found to be unfair (B) The arbitrator has acted outside the scope of his authority
 (C) The parties request it (D) It is not in writing
 - Under the Competition Act, 2010, what is the maximum fine that the Competition Commission can impose on a company for a violation of the Act?**
 (A) Rs. 50,000 (B) Rs. 1,000,000 (C) 10% of the annual turnover (D) 5% of the annual turnover
 - In the case of Coggs v. Bernard (1703), the main legal principle established was:**
 (A) The enforceability of verbal agreements (B) The concept of gratuitous bailment and liability for negligence
 (C) The validity of contracts made under duress (D) The rules for property transfer without consideration
 - In the case of Curie v. Misa (1875), the Court primarily dealt with the concept of:**
 (A) The enforceability of contracts involving real property (B) The definition of consideration in contract law
 (C) The legality of contracts made under coercion (D) The validity of oral agreements in commercial transactions
 - Under the Negotiable Instruments Act, 1881, which of the following statements about a holder in due course is true?**
 (A) A holder in due course can acquire the instrument free from all defects of title.
 (B) A holder in due course must always know the previous holder.
 (C) A holder in due course is not entitled to receive payment for the instrument.
 (D) A holder in due course cannot negotiate the instrument further.
 - Under the Negotiable Instruments Act, 1881, if a cheque is dishonored due to insufficient funds, the drawer can be liable for:**
 (A) Only the face value of the cheque (B) The face value of the cheque plus any additional bank charges
 (C) The entire loan amount in case of a loan-backed cheque (D) Criminal liability under the act, depending on intent
 - Under the Electronic Transactions Ordinance 2002, a digital signature is required to be:**
 (A) Created using a government-approved certificate authority (B) Typed by the person signing the document
 (C) Verified by a notary public (D) Printed and signed in ink by the signer
 - Which of the following is not covered under the Electronic Transactions Ordinance 2002?**
 (A) E-commerce contracts (B) Digital signatures and authentication
 (C) Intellectual property rights in digital formats (D) Privacy of communication in electronic records
 - Under the Arbitration Act, 1940, if a party fails to comply with an arbitral award, the other party can apply to the court for:**
 (A) Imprisonment of the non-compliant party (B) Enforcement of the award as a decree of the court
 (C) Modification of the award (D) Suspension of the arbitration proceedings
 - Which section of the Arbitration Act, 1940 deals with the refusal of the court to set aside an arbitral award?**
 (A) 16 (B) 30 (C) 34 (D) Section 35
 - Under the Electronic Fund Transfer Act 2007, if a consumer disputes an electronic transaction, the bank is required to:** (A) Immediately refund the disputed amount (B) Investigate the matter within a specified time frame
 (C) Transfer the dispute to law enforcement authorities (D) Only notify the customer of the transaction dispute

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15. Under the Sale of Goods Act, 1930, which of the following is not a requirement for a contract of sale to be legally valid?
(A) There must be a transfer of ownership in goods (B) The contract must involve a sale of tangible goods
(C) The seller must guarantee a specific quality of goods (D) The contract must involve a price that can be determined
16. According to the Sale of Goods Act, 1930, if the goods are sold by description, the goods must:
(A) Conform to the description provided (B) Be physically inspected by the buyer
(C) Be delivered within 30 days (D) Match the price stated in the contract
17. Under the Sale of Goods Act, 1930, the implied condition of title in a sale contract means that:
(A) The buyer must pay the price at the time of delivery (B) The seller has the right to sell the goods
(C) The buyer must inspect the goods before taking possession (D) The seller must provide a warranty for the goods
18. Which of the following is not an essential requirement for a valid promissory note under the Negotiable Instruments Act, 1881?
(A) It must be in writing. (B) It must contain an unconditional promise to pay.
(C) It must be signed by the payee. (D) It must specify a definite amount of money.
19. Under the Negotiable Instruments Act, 1881, a bill of exchange can be accepted by:
(A) The drawee (the person to whom the bill is directed) (B) The holder of the bill
(C) The payee (D) Any third party unrelated to the bill
20. Which section of the Contract Act, 1872, deals with the contract of "performance of conditions precedent"?
(A) 4 (B) 10 (C) 55 (D) 12

PART-II

- NOTE:** (i) Part-II is to be attempted on the separate Answer Book.
(ii) Attempt ONLY FOUR questions from PART-II. ALL questions carry EQUAL marks.
(iii) All the parts (if any) of each Question must be attempted at one place instead of at different places.
(iv) Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
(v) No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
(vi) Extra attempt of any question or any part of the question will not be considered.

- Q. No.2.** Critically analyze the remedies available for the breach of contract under the Contract Act, 1872. In your analysis, discuss the role of compensatory damages, the limits of specific performance and the challenges faced in enforcing contracts in Pakistan's legal and business environment. How does the principle of anticipatory breach apply in Pakistan, and what challenges might arise in proving such a breach in the local courts? (20)
- Q. No.3.** Critically analyze the concept of implied authority of a partner and the doctrine of holding out under the Partnership Act, 1932. In your analysis, discuss how the implied authority of a partner to bind the firm in transactions, even those beyond the express agreement, impacts the liability of partners in a partnership. How does the doctrine of holding out protect third parties, and what are the potential challenges in applying this doctrine in modern business practices? (20)
- Q. No.4.** Critically analyze the special rules of evidence under the Negotiable Instruments Act, 1881, with particular reference to the presumption of validity and the burden of proof in cases involving negotiable instruments like promissory notes and cheques. How do these provisions impact the rights of the drawer, holder, and endorser in cases of dishonor or dispute? (20)
- Q. No.5.** Critically analyze the provisions related to the transfer of shares under the Companies Act, 2017, particularly focusing on the restrictions and procedures for the transfer of shares in private companies. How do the provisions balance the interests of the company, the shareholders, and third parties in ensuring that share transfers are both fair and efficient? Evaluate the challenges faced by shareholders in the transfer process, especially in light of the legal requirements for board approval and the pre-emption rights of existing shareholders. (20)

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- Q. No.6.** Critically analyze the legal framework governing contracts between consumers and providers under the Consumer Protection Act, 2006. How does the Act ensure that consumer rights are protected in contracts, particularly with regard to the provisions on misrepresentation, defective goods, and unfair trade practices? Evaluate the effectiveness of the Act in addressing power imbalances between consumers and providers, especially in cases of standard form contracts where consumers have limited bargaining power. Does the Act provide adequate remedies for consumers in case of breach of contract, and how do these provisions influence the behavior of businesses in terms of compliance and consumer satisfaction? **(20)**
- Q. No.7.** "With the rise of digital communication and e-commerce, the Electronic Transactions Ordinance, 2002 has played a crucial role in shaping the legal landscape of electronic contracts and digital signatures in Pakistan." Discuss the key provisions of the Electronic Transactions Ordinance 2002, focusing on the legal recognition of electronic records and signatures, as well as the role of certification authorities. Critically evaluate the effectiveness of this Ordinance in addressing issues of security, authenticity, and reliability in digital transactions. What challenges remain in its enforcement, particularly in the context of Pakistan's evolving digital economy? **(20)**
- Q. No.8.** "The Competition Act, 2010 seeks to promote fair competition in Pakistan by prohibiting and regulating abusive marketing practices that can distort market dynamics and harm consumer welfare." Discuss the provisions related to the prohibition of deceptive marketing practices and abuse of marketing practices under the Competition Act 2010. Critically evaluate the role of the Competition Commission of Pakistan (CCP) in enforcing these provisions and ensuring compliance. What are the challenges in curbing deceptive marketing practices in Pakistan, and how might regulatory enforcement be improved to promote fair competition and protect consumers in both traditional and digital markets? **(20)**
